

## **FISCAL NOTE**

### **SB 3498 – HB 3799**

February 21, 2008

**SUMMARY OF BILL:** Requires the Department of Education (DOE) to establish, administer and monitor a system of grants to local education agencies (LEAs) to provide funding for capital outlay projects for K-12 educational facilities. Creates the K-12 Capital Outlay Fund for such purpose. Authorizes the General Assembly to appropriate funds to DOE for deposit into the K-12 Capital Outlay Fund in any fiscal year in which the lottery scholarship program is fully funded and there are excess lottery funds available.

#### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact - Based on current revenue and expenditure estimates for the Tennessee Education Lottery program, approximately \$5,000,000 in excess lottery funds is anticipated for FY08-09. If the General Assembly appropriates 100% of this excess to the K-12 Capital Outlay Fund for grants to LEAs, it will increase the expenditure of lottery proceeds earmarked for scholarships and grants by \$5,000,000 for FY08-09. Department of Education expenditures would increase by approximately \$80,000 per year for one additional position to administer the program. Such position is assumed to be funded from the K-12 Capital Outlay Fund, which would reduce grant funding. Additional funding to the K-12 Capital Outlay Fund in subsequent years would be dependent upon the extent of excess lottery revenue, and whether the General Assembly appropriates such excess revenue, or portions thereof.**

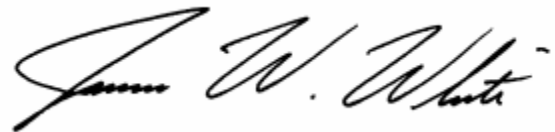
#### **Assumptions:**

- Grants to LEAs will be awarded in four-year cycles with each LEA receiving one grant per grant cycle.
- The actual grant amount per pupil for the four-year grant cycle shall equal or exceed the threshold dollar amount per pupil as determined by DOE.

- If funds appropriated to the K-12 Capital Outlay Fund are not sufficient to meet the threshold dollar amount per pupil, then the cycle of grants shall be postponed until the fund has adequate funds available.
- According to the Tennessee Higher Education Commission (THEC), this bill will not impact departmental revenue or expenditures.
- According to the Tennessee Student Assistance Corporation (TSAC), this bill will not impact departmental revenue or expenditures.
- The State Funding Board's adopted range for net lottery proceeds for FY08-09 is \$280,000,000 to \$290,000,000 (with a mid-point of \$285,000,000).
- TSAC and THEC estimates total expenditures for funding the Tennessee education scholarship program to be \$238,000,000 in FY08-09 under current law.
- \$25,000,000 is earmarked for Pre-K programs (included in the Governor's FY08-09 Budget Document).
- \$10,000,000 will be earmarked for Tennessee Student Assistance Awards (TSAA or need-based grants).
- \$7,000,000 will be expended for THEC and TSAC to administer lottery scholarship program.
- Excess funding for FY08-09 is estimated to be \$5,000,000 (\$285,000,000 - \$238,000,000 - \$25,000,000 - \$10,000,000 - \$7,000,000 = \$5,000,000). This is the amount estimated to be available for appropriation by the General Assembly for FY08-09.
- One additional position for DOE to administer program estimated to be \$80,000 per year (salary, benefits, etc.). It is assumed this position would be funded from proceeds appropriated to the K-12 Capital Outlay Fund

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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